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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Huafang Group Inc., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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花房集团

HUAFANG GROUP

Huafang Group Inc.

花房集团公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3611)

(1) PROPOSED RE-ELECTION OF DIRECTORS
(2) PROPOSED GRANTING OF GENERAL MANDATES TO
BUY BACK SHARES AND TO ISSUE SHARES OF THE COMPANY
AND
(3) NOTICE OF ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting of Huafang Group Inc. to be held at 9/F, Building 5, International Electronics Headquarters, Electronics City, Yard 6, Jiuxianqiao Road, Chaoyang District, Beijing, China on Friday, June 30, 2023 at 3:00 p.m. is set out in this circular.

Whether or not you are able to attend the Annual General Meeting, please complete and sign the enclosed form of proxy for use at the Annual General Meeting in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Annual General Meeting (i.e. not later than 3:00 p.m. on Wednesday, June 28, 2023) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting if they so wish.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.huafang.com).

References to time and dates in this circular are to Hong Kong time and dates.

June 8, 2023

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Annual General Meeting”	the annual general meeting of the Company to be held at 9/F, Building 5, International Electronics Headquarters, Electronics City, Yard 6, Jiuxianqiao Road, Chaoyang District, Beijing, China on Friday, June 30, 2023 at 3:00 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 16 to 19 of this circular, or any adjournment thereof
“Articles of Association”	the articles of association of the Company currently in force
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China
“Company”	Huafang Group Inc., a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issuance Mandate”	a general mandate proposed to be granted to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 7 of the notice of the Annual General Meeting
“Latest Practicable Date”	May 31, 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Share(s)”	ordinary share(s) of US\$0.0001 each in the issued capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Share Buy-back Mandate”	a general mandate proposed to be granted to the Directors to buy back Shares on the Stock Exchange of not exceeding 10% of the total number of issued shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 6 of the notice of the Annual General Meeting
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers approved by the Securities and Futures Commission as amended from time to time
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD



花房集团

HUAFANG GROUP

Huafang Group Inc.

花房集团公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3611)

Executive Director:

Ms. Yu Dan (*Chief Executive Officer*)

Non-executive Directors:

Mr. ZHOU Hongyi (*Chairman*)

Mr. CHEN Shengmin

Mr. ZHAO Dan

Independent Non-executive Directors:

Mr. CHEN Weiguang

Mr. LI Bing

Ms. QIAN Aimin

Registered Office:

Tricor Services (Cayman Islands) Limited

Third Floor, Century Yard

Cricket Square

P.O. Box 902, Grand Cayman

KY1-1103

Cayman Islands

Headquarters and Principal Place of

Business in the PRC:

Building 5, Yard 6

Jiuxianqiao Road

Chaoyang District, Beijing, PRC

Principal Place of Business in

Hong Kong:

5/F, Manulife Place

348 Kwun Tong Road, Kowloon

Hong Kong

June 8, 2023

To the Shareholders

Dear Sir/Madam,

**(1) PROPOSED RE-ELECTION OF DIRECTORS
(2) PROPOSED GRANTING OF GENERAL MANDATES TO
BUY BACK SHARES AND TO ISSUE SHARES OF THE COMPANY
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the Annual General Meeting to be held on Friday, June 30, 2023.

LETTER FROM THE BOARD

2. PROPOSED RE-ELECTION OF DIRECTORS

In accordance with Article 16.19 of the Articles of Association, at every annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director including those appointed for a specific term shall be subject to retirement by rotation at least once every three years.

In accordance with Article 16.2 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a director either to fill a casual vacancy on the Board or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation at such meeting.

In accordance with Articles 16.2 and 16.19 of the Articles of Association, Ms. Yu Dan, Mr. Zhou Hongyi, Mr. Chen Shengmin and Mr. Zhao Dan shall retire at the Annual General Meeting. All of the above Directors, being eligible, will offer themselves for re-election at the Annual General Meeting.

The Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's Board Diversity Policy and Director Nomination Policy and the Company's corporate strategy, and the independence of all Independent Non-executive Directors. The Nomination Committee has recommended to the Board on re-election of all the retiring Directors.

Details of the Directors proposed for re-election at the Annual General Meeting are set out in Appendix I to this circular.

LETTER FROM THE BOARD

3. PROPOSED GRANTING OF GENERAL MANDATE TO BUY BACK SHARES

In order to give the Company the flexibility to buy back Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Share Buy-back Mandate to the Directors to buy back Shares on the Stock Exchange of not exceeding 10% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 6 of the notice of the Annual General Meeting (i.e. a total of 100,000,000 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting).

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the Share Buy-back Mandate is set out in Appendix II to this circular.

4. PROPOSED GRANTING OF GENERAL MANDATE TO ISSUE SHARES

In order to give the Company the flexibility to issue Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Issuance Mandate to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of issued Shares of the Company as at the date of passing of the proposed ordinary resolution contained in item 7 of the notice of the Annual General Meeting (i.e. a total of 200,000,000 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting). An ordinary resolution to extend the Issuance Mandate by adding the number of Shares bought back by the Company pursuant to the Share Buy-back Mandate will also be proposed at the Annual General Meeting.

5. CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, June 27, 2023 to Friday, June 30, 2023, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, unregistered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, June 26, 2023.

LETTER FROM THE BOARD

6. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 16 to 19 of this circular.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the Annual General Meeting in the manner prescribed under the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.huafang.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Annual General Meeting (i.e. not later than 3:00 p.m. on Wednesday, June 28, 2023) or the adjourned meeting (as the case may be). Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

7. RECOMMENDATION

The Directors consider that the proposed re-election of retiring Directors and granting of the Share Buy-back Mandate and the Issuance Mandate are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of the Board
Mr. ZHOU Hongyi
Chairman

APPENDIX I DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

The following are details of the Directors who will retire and being eligible, offer themselves for re-election at the Annual General Meeting.

(1) Ms. Yu Dan – Executive Director

Position and experience

Ms. YU Dan (于丹), aged 45, is the executive Director, appointed on July 29, 2021 and the chief executive officer, appointed in March 2017. She is also a member of the remuneration committee of the Company. Ms. Yu is primarily responsible for overall strategy planning, corporate governance, business direction, and business management of our Group. Ms. Yu joined our Group in March 2017 and has served several positions in our Group, including serving as the chief executive officer and co-founder at Beijing Mijing Hefeng Technology Co., Ltd. (北京密境和風科技有限公司, “**Mijing Hefeng**”) since March 2017, as the chief executive officer at Beijing Huafang Technology Co., Ltd. (北京花房科技有限公司, “**Huafang Technology**”) since October 2020 and as the executive director and the general manager at Chengdu Huayang Technology Co., Ltd. (成都花漾科技有限公司) since April 2019.

Prior to joining our Group, Ms. Yu worked as a senior director at Tianjin Qisi Technology Co., Ltd. (天津奇思科技有限公司) (currently known as 360 Technology Group Co., Ltd. (三六零科技集團有限公司)) from January 2016 to February 2017. She also worked as the chief executive editor at Baidu Online Network Technology (Beijing) Co., Ltd. (百度在線網絡技術(北京)有限公司) from November 2011 to July 2015.

Ms. Yu graduated from Xi’an Jiaotong University with a bachelor’s degree in business administration in July 2000. She further obtained a master’s degree in business administration from Xi’an Jiaotong University in April 2003.

Relationships

Save as above disclosed, Ms. Yu does not hold any other positions in the Company or its subsidiaries, nor does she have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Length of service and Director’s emoluments

Ms. Yu has entered into a service contract with the Company for an initial fixed term of three years commencing from November 21, 2022. The service contract is subject to termination by either party giving to the other not less than three-month prior written notice. Pursuant to the Articles of Association, Ms. Yu is subject to retirement by rotation at least once every three years.

APPENDIX I DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

Ms. Yu will be entitled to Director's and chief executive officer's emoluments of RMB2,040,000 per annum, other benefits in kind and discretionary bonuses to be determined by the remuneration committee of the Company and the Board with reference to the time commitment and responsibilities of the Director and performance of our Group as well as salaries paid by comparable companies.

Interests in Shares

Ms. Yu is deemed to be interested in 59,624,995 Shares of the Company and 3,333,333 shares in an associated corporation of the Company within the meaning of Part XV of the SFO. Ms. Yu was also granted 19,402,000 options under the pre-IPO share option scheme of the Company.

Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders

There is no information which is discloseable nor is Ms. Yu involved in any of the matters required to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Ms. Yu that need to be brought to the attention of the Shareholders.

(2) Mr. Zhou Hongyi – Non-executive Director

Position and experience

Mr. ZHOU Hongyi (周鴻禕), aged 52, is a non-executive Director and our chairman of the Board, appointed on June 1, 2021. He is also the chairman of the nomination committee of the Company. He is primarily responsible for overall strategy planning, corporate governance and business direction of our Group. Mr. Zhou joined our Group in April 2019 and has served as the chairman of the board at Huafang Technology and Mijing Hefeng since April 2019 and September 2020, respectively.

Prior to joining our Group, Mr. Zhou has served as the chairman of the board and the general manager at 360 Security Technology Inc. (三六零安全科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601360), since February 2018, and the chief executive officer at Qihoo 360 Technology Co., Ltd., a company previously listed on New York Stock Exchange since August 2006. Mr. Zhou has also been a director and the chairman of the board of directors of Qifu Technology, Inc. ("Qifu Technology"), a company listed on NASDAQ (QFIN.NASDAQ) and the Stock Exchange (stock code: 3660) according to the prospectus of Qifu Technology dated November 18, 2022, since July 25, 2016 and since September 2018, respectively. He also served as a director at Opera Limited, a company listed on NASDAQ (OPRA.NASDAQ) from November 2016 to October 2022 and the chairman of the board at Qihoo 360 Technology Co., Ltd. between March 2011 and July 2016, respectively. Prior to that, Mr. Zhou worked at IDG Ventures Capital.

APPENDIX I DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

Mr. Zhou graduated from Xi'an Jiaotong University (西安交通大學) with a bachelor's degree in computer software in 1992. He further obtained a master's degree in system engineering from Xi'an Jiaotong University in June 1995.

Relationships

Save as above disclosed, Mr. Zhou does not hold any other positions in the Company or its subsidiaries, nor does he have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Length of service and Director's emoluments

Mr. Zhou has entered into a letter of appointment with the Company for an initial fixed term of three years commencing from November 21, 2022. The letter of appointment is subject to termination by either party giving to the other not less than three-month prior written notice. Pursuant to the Articles of Association, Mr. Zhou is subject to retirement by rotation at least once every three years.

Mr. Zhou will not be entitled to any fee for his services as a non-executive Director of the Company.

Interests in Shares

Mr. Zhou is deemed to be interested in 364,554,724 Shares of the Company and 20,380,418 shares in an associated corporation of the Company pursuant to Part XV of the SFO.

Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders

There is no information which is discloseable nor is Mr. Zhou involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mr. Zhou that need to be brought to the attention of the Shareholders.

APPENDIX I DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

(3) Mr. Chen Shengmin – Non-executive Director

Position and experience

Mr. CHEN Shengmin (陳勝敏), aged 51, is a non-executive Director, appointed on July 29, 2021, and a member of the audit committee of the Company. He is primarily responsible for providing guidance and advice on the business strategies of our Group. Mr. Chen joined our Group in September 2017 and has served as a director at Huafang Technology since September 2017 and as a director at Mijing Hefeng since September 2020.

Prior to joining our Group, Mr. Chen has served as the chief financial officer at Songcheng Performance Development Co., Ltd. (宋城演藝發展股份有限公司) since July 2007. Mr. Chen also served as a financial manager at Hangzhou Songcheng Landscape Real Estate Co., Ltd. (杭州宋城景觀房地產有限公司) from March 2005 to July 2007. He worked as the senior accountant of finance department and the finance manager at Hangzhou Leyuan Co., Ltd. (杭州樂園有限公司) from March 2002 to March 2004 and from April 2004 to February 2005, respectively.

Mr. Chen graduated from China University of Radio and Television (中央廣播電視大學) (currently known as The Open University of China (國家開放大學)) with an associate degree in accounting in July 2005. He obtained the certificate of board secretary granted by Shenzhen Stock Exchange in May 2017.

Relationships

Save as above disclosed, Mr. Chen does not hold any other positions in the Company or its subsidiaries, nor does he have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Length of service and Director's emoluments

Mr. Chen has entered into a letter of appointment with the Company for an initial fixed term of three years commencing from November 21, 2022. The letter of appointment is subject to termination by either party giving to the other not less than three-month prior written notice. Pursuant to the Articles of Association, Mr. Chen is subject to retirement by rotation at least once every three years.

Mr. Chen will not be entitled to any fee for his services as a non-executive Director of the Company.

APPENDIX I DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

Interests in Shares

As at the Latest Practicable Date, Mr. Chen does not have, and is not deemed to have any interests in the Shares, underlying Shares or debentures of the Company within the meaning of Part XV of the SFO.

Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders

There is no information which is discloseable nor is Mr. Chen involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mr. Chen that need to be brought to the attention of the Shareholders.

(4) Mr. Zhao Dan – Non-executive Director

Position and experience

Mr. ZHAO Dan (趙丹), aged 43, is a non-executive Director, appointed on July 29, 2021, and is primarily responsible for providing guidance and advice on the business strategies of our Group. Mr. Zhao joined our Group in August 2020 and has served as a director at Huafang Technology since August 2020.

Mr. Zhao has been a non-executive director at 360 Ludashi Holdings Limited (360魯大師控股有限公司), a company listed on the Stock Exchange (stock code: 03601), since June 2020 and a director at Qifu Technology since May 2020. Mr. Zhao has also been the vice president at 360 Technology Group Co., Ltd. (三六零科技集團有限公司) since January 2013. Prior to that, Mr. Zhao worked as a senior manager at Alibaba (China) Co., Ltd. (阿里巴巴(中國)有限公司) from November 2007 to January 2013. He also worked as an assistant manager at KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合伙)) from September 2006 to November 2007.

Mr. Zhao graduated from University of Shanghai for Science and Technology (上海理工大學) with a bachelor's degree in international business management in July 2002. He further obtained a master's degree in international business and economics at University of Konstanz, Germany in December 2004. He obtained a professional qualification of Certified Internal Auditor in November 2008.

Relationships

Save as above disclosed, Mr. Zhao does not hold any other positions in the Company or its subsidiaries, nor does he have any relationships with any other Directors, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

APPENDIX I DETAILS OF THE DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

Length of service and Director's emoluments

Mr. Zhao has entered into a letter of appointment with the Company for an initial fixed term of three years commencing from November 21, 2022. The letter of appointment is subject to termination by either party giving to the other not less than three-month prior written notice. Pursuant to the Articles of Association, Mr. Zhao is subject to retirement by rotation at least once every three years.

Mr. Zhao will not be entitled to any fee for his services as a non-executive Director of the Company.

Interests in Shares

As at the Latest Practicable Date, Mr. Zhao does not have, and is not deemed to have any interests in the Shares, underlying Shares or debentures of the Company within the meaning of Part XV of the SFO.

Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders

There is no information which is discloseable nor is Mr. Zhao involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mr. Zhao that need to be brought to the attention of the Shareholders.

The following is an explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Share Buy-back Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,000,000,000 Shares.

Subject to the passing of the ordinary resolution set out in item 6 of the notice of the Annual General Meeting in respect of the granting of the Share Buy-back Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting, i.e. being 1,000,000,000 Shares, the Directors would be authorized under the Share Buy-back Mandate to buy back, during the period in which the Share Buy-back Mandate remains in force, a total of 100,000,000 Shares, representing 10% of the total number of Shares in issue as at the date of the Annual General Meeting.

2. REASONS FOR SHARE BUY-BACK

The Directors believe that the granting of the Share Buy-back Mandate is in the best interests of the Company and the Shareholders.

Shares buy-back may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a buy-back will benefit the Company and the Shareholders.

3. FUNDING OF SHARE BUY-BACK

The Company may only apply funds legally available for share buy-back in accordance with its Articles of Association, the laws of the Cayman Islands and/or any other applicable laws, as the case may be.

4. IMPACT OF SHARE BUY-BACK

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position at December 31, 2022 disclosed in its most recent published unaudited financial statements for the year ended December 31, 2022 or the position stated in the audited financial statements for the year ended December 31, 2022 to be announced and published later on) in the event that the Share Buy-back Mandate was to be carried out in full at any time during the proposed buy-back period. However, the Directors do not intend to exercise the Share Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. MARKET PRICES OF SHARES

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange during the period from December 12, 2022 (being the date of listing of the Shares on the Stock Exchange) up to and including the Latest Practicable Date were as follows:

Month	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2022		
December	4.56	2.22
2023		
January	2.70	2.23
February	2.78	2.24
March	2.42	1.70
April	Suspended	
May (<i>up to the Latest Practicable Date</i>)	Suspended	

Note: The trading in Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on April 3, 2023 pending the publication of the audited consolidated final results of the Group for the year ended December 31, 2022.

6. GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Share Buy-back Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Share Buy-back Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to buy back Shares pursuant to the Share Buy-back Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

7. TAKEOVERS CODE

If as a result of a buy-back of Shares pursuant to the Share Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

To the best knowledge of the Company, as at the Latest Practicable Date, Pepper Blossom Limited and Global Bacchus Limited, two substantial Shareholders together with parties in concert with them, were interested in 364,554,724 and 353,541,181 Shares representing approximately 36.46% and 35.35% of the total issued share capital of the Company respectively. In the event that the Directors exercise the proposed Share Buy-back Mandate in full, the aggregate shareholding of Pepper Blossom Limited and Global Bacchus Limited would be increased to approximately 40.51% and 39.28% of the issued share capital of the Company respectively. The Directors consider that such increase in shareholding would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors do not propose to exercise the Share Buy-back Mandate to such an extent as would, in the circumstances, give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code or result in the aggregate number of Shares held by the public shareholders falling below the prescribed minimum percentage required by the Stock Exchange.

8. SHARE BUY-BACK MADE BY THE COMPANY

During the 6 months prior to the Latest Practicable Date, the Company had not bought back any of the Shares (whether on the Stock Exchange or otherwise).

NOTICE OF ANNUAL GENERAL MEETING



花房集团
HUAFANG GROUP

Huafang Group Inc.
花房集团公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3611)

Notice is hereby given that the Annual General Meeting of Huafang Group Inc. (the “**Company**”) will be held at 9/F, Building 5, International Electronics Headquarters, Electronics City, Yard 6, Jiuxianqiao Road, Chaoyang District, Beijing, China on Friday, June 30, 2023 at 3:00 p.m. for the following purposes:

1. To re-elect Ms. Yu Dan as an executive director.
2. To re-elect Mr. Zhou Hongyi as a non-executive director.
3. To re-elect Mr. Chen Shengmin as a non-executive director.
4. To re-elect Mr. Zhao Dan as a non-executive director.
5. To authorize the board of directors to fix the respective directors’ remuneration.
6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to compliance with the prevailing requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company to exercise during the Relevant Period (as defined below) all the powers of the Company to buy-back its shares in accordance with all applicable laws, rules and regulations;
- (b) the total number of shares of the Company to be bought back pursuant to the mandate in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution); and

NOTICE OF ANNUAL GENERAL MEETING

(c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to compliance with the prevailing requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers during or after the end of the Relevant Period (as defined below) in accordance with all applicable laws, rules and regulations;
- (b) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted by the directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as defined below);
 - (ii) the exercise of options under a share option scheme of the Company; and
 - (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company,

shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution); and

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(c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”

8. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of the resolutions set out in items 6 and 7 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 7 of the Notice be and is hereby extended by the addition to the aggregate number of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors pursuant to such general mandate of the number of shares bought back by the Company pursuant to the mandate referred to in resolution set out in item 6 of the Notice, provided that such number of shares shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution (subject to adjustment in the case of any consolidation or subdivision of shares of the Company after the date of passing of this resolution).”

By Order of the Board
Mr. ZHOU Hongyi
Chairman

Hong Kong, June 8, 2023

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. All resolutions at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the meeting (i.e. not later than 3:00 p.m. on Wednesday, June 28, 2023) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the meeting, the Register of Members of the Company will be closed from Tuesday, June 27, 2023 to Friday, June 30, 2023, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, June 26, 2023.
5. A circular containing further details concerning items 1 to 8 set out in the above notice will be sent to all shareholders of the Company.
6. References to time and dates in this notice are to Hong Kong time and dates.
7. As there is a delay in publication of the audited consolidated financial statements of the Company and its subsidiaries and the report of the directors and the report of the independent auditor for the year ended December 31, 2022 and its availability will be conditional upon, among the others, the progress of an investigation on an investee company in which the Group holds 25% equity interest, which involves certain frozen accounts of the Group. Therefore, the receipt of the audited consolidated financial statement of the Group and reports of the directors and of the auditor for the year ended December 31, 2022 and the appointment of auditor will be transacted in an adjourned annual general meeting to be held subject to further notice.

As at the date of this notice, the Board comprises Ms. YU Dan as executive director; Mr. ZHOU Hongyi, Mr. CHEN Shengmin and Mr. ZHAO Dan as non-executive directors; and Mr. CHEN Weiguang, Mr. LI Bing and Ms. QIAN Aimin as independent non-executive directors.